

CUSTOMERS SATISFACTION IN UTILITY SECTORS OF PUBLIC ENTERPRISES IN NEPAL

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ABSTRACT

Background - Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectations. The question is not how satisfied customers are, but how emotionally attached they are to organization's products, services and brands.

Purpose – The purpose of this study is to examine the level of customer satisfaction in public enterprises of Nepal

Methodology Used – Descriptive and analytical research designs have been used for the study. Primary data have been collected through the questionnaires using judgmental sampling from the three public enterprises of Nepal. Questionnaires have been developed in five scales and mean, standard deviation and coefficient of variation have been used as tools.

Cronbach's alpha test has been done to test the reliability of the data.

Findings – All the public enterprises have not been able to satisfy their customers.

Key words: Customer Satisfaction

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1. BACKGROUND

A customer is an individual or business that purchases the goods or services produced by a business. Attracting customers is the primary goal of all organizations, because it is the customer who creates demand for goods and services. No matter the size of your business, good customer service needs be at the heart of your business if you wish to be successful. Customer satisfaction is nothing more than a snapshot of how customers feel about organization's products, services and brands, at a given point in time. Customer satisfaction is the heart of the business process. It translates to customer loyalty, and loyalty is one of the biggest drivers of corporate growth. A loyal customer is certainly a satisfied customer, but a satisfied customer is not necessarily a loyal customer. Customer satisfaction is a business philosophy which tends to create value for customers, anticipating and managing their expectations and demonstrating ability and responsibility to satisfy their needs. Qualities of service and customer satisfaction

are critical factors for success of any business, (Gronoos, 1990). Customer satisfaction is the difference between the expectations of the customers before receiving the services and perceptions of the customers after receiving the services. Customer satisfaction mainly depends on the build-up of the perceived value to which the customers have concerning a product or service, (Kotler, 2009). When a company fails to meet customers' expectations, they take action i.e. they cancel services, they switch the products and they change the organizations. They also share their experiences through tweet, chat, blog, ratings, recommendations and warnings. In other words, customers are sharing their opinions and their preferences with their neighbors, like-minded friends and their relatives. One estimate is that it costs five times as much to attract new customers as it does to keep an existing one. It is said that 47% of customers recommend the products they love to friends, 88% of customers recommend the brands they dislike to friends.

1.1. Importance of Customer Satisfaction

It is important to provide good customer service; to all types of customers, including potential, new and existing customers because:

Organizations are dependent upon their customers. If they do not develop customer loyalty and satisfaction, they can lose their customers.

- Measuring satisfaction lets you know if a customer will buy from you again.
- It keeps you ahead of your competitors.
- Acquiring new customers is more expensive than keeping the ones you already have. Without customers the organization would not exist.
- The customer makes it possible to achieve business aims
- Customers provide feedback on company performance and give suggestions for new products
- Customers voluntarily promote the company's products and services to others

2. PUBLIC ENTERPRISES (PES) IN NEPAL

Public enterprise means state ownership and operations of industrial, agricultural, financial and commercial undertakings. "Public enterprises are autonomous or semi-autonomous corporations and companies established, owned and controlled by the state and engaged in industrial and commercial activities" (Mallay). The basic aims of public enterprises are to provide goods and services to the public at a reasonable rate and social services.

2.1. Characteristics of Public Enterprises

- Financed by the government
- Managed by the government
- Financial independence though investment is done by the government
- Aim to provide services to various sectors
- Direct channels for using foreign money
- Helpful in implementing government plan
- Autonomous and semi autonomous bodies

2.2. The major objectives of establishing public enterprises in Nepal are:

- to provide basic necessary goods and services to the public at fair prices
- to generate the employment opportunities
- to develop the economic and social infrastructure for sustainable development
- to increase efficiency and independency and to promote economic growth and people's welfare for social justice.
- to earn foreign exchange and utilize foreign aid
- to obtain economic, political and social objectives of the nation by mobilizing available capital and labor resources.

Currently there are 37 PEs operating in Nepal including banks and insurance company, telecommunication, electricity, water supply and manufacturing sectors etc. The contribution of public enterprises to GDP of Nepal has been Rs.270 billion. 37 PEs formed under five different acts operate under full and partial ownership of the Government of Nepal, they are, Company Act, Corporation Act, Special Act related to enterprises, Communication Corporation Act and Banks and Financial Institutions Act (Economic Survey, 2015).

Classification of Public Enterprises in Nepal

S. N.	Sectors	No.
1	Industrial	7
2	Business	6
3	Service	7
4	Social	5
5	Utility	3
6	Financial	9
Total		37

3. OBJECTIVES OF THE STUDY

The main objectives of this study are:

- To determine the customer satisfaction levels of public enterprises.
- To determine in which areas are the customers unsatisfied.
- To understand how unsatisfied customers can be made satisfied.

4. METHODOLOGY USED

This study has followed both descriptive and empirical approach of research. A questionnaire survey has been conducted for getting the answer of research questions. The questionnaire survey includes 15 questions. Questionnaires were distributed to 30 customers in each public enterprise. In order to increase the reliability and number of responses, personal visits to each and every respondent were made to distribute and collect the questionnaire.

Primary data have been analyzed using different statistical tools, like means, standard deviation; and coefficient of variance. Five scale Likert Scale has been used for analysis.

There are total of thirty seven public enterprises in Nepal, which constitutes the population of the study. For this study, only three public enterprises, *i.e. Nepal Telecommunications Corporation (NTC), Nepal Electricity Authority (NEA) and Nepal Water Supply and Sewerage Corporation (NWSSC)* have been selected as sample public enterprises. Selection of sample is based on convenience basis and focused should be given to service related public enterprises *i.e. public utility sector.*

Cronbach's Alpha test has been done to test the reliability of data. Each and every variable have been tested and it was found that every variable reliability test was above 81%.

3.1. Respondent's Profile

In this section, characteristics of respondents have been presented first gender wise and then after age wise.

a) Gender Wise Respondents

Name of the Public Enterprises	Male (No.)	%	Female (No.)	%	Total	%
Nepal Telecommunication Co.	19	21.11	11	12.22	30	33.33
Nepal Electricity Authority	22	24.44	8	8.89	30	33.33
Nepal Water Supply & Sewerage Co.	23	25.56	7	7.77	30	33.33
Total	64	71.11	26	28.89	90	100

Majority of respondents were males i.e. 71.11%. But female respondents were also satisfactory in number i.e. 26 out of 90.

Highest number of male respondents was in NWSSC and females were in NTC i.e. 23 and 11 in number out of 30 respectively. Similarly lowest number of males respondents were in NTC and female were in NWSSC i.e. 19 and 7 in number out of 30 respectively.

b) Age Wise Respondents

Name of the Public Enterprises	Below 25 Years	%	25 to 50 Years	%	Above 50 Years	%	Total
Nepal Telecommunication Co.	9	10	12	13.33	9	10	30
Nepal Electricity Authority	8	8.89	13	14.45	9	10	30
Nepal Water Supply & Sewerage Co.	11	12.22	11	12.22	8	8.89	30
Total	28	31.11	36	40	26	28.89	90

Majority of respondents were found in 25 to 50 years group 36 out of 90 i.e. 40%. Minority respondents fall in the group of below 25 years which was 28 out of 90 i.e. 31.11%. Respondents in the group of above 50 years group were 26 i.e. 28.89%.

5. ANALYSIS AND FINDINGS OF CUSTOMERS SATISFACTION

5.1. Customers Motivation (CM)

How much the customers of the PEs are motivated? This question is very important for every public enterprise to motivate their customers for achieving its goals and objectives. Motivation results from a. understanding needs and expectations of customers (NE), b. level of satisfaction with PEs in regards of services (LS) and c. public enterprise cares about its customers (CC). In this regard three questions were asked to the customers.

Name of the Public Enterprises	NE	LS	CC	Total	Mean	S. D.	C. V.
Nepal Telecommunication Co.	3.0	3.1	3.2	9.3	3.10	0.10	3.26
Nepal Electricity Authority	2.8	2.7	2.6	8.1	2.70	0.10	3.70
Nepal Water Supply & Sewerage Co.	2.5	2.4	2.7	7.6	2.53	0.15	5.93

Customer Motivation has ranged between 2.53 to 3.10. NTC has motivated their customers much compared to other. NWSSC (2.53) seem to have motivated its customers less as its value is less than 3. All the PEs understands the needs and expectations of customers, and they care

about their customers but they have to focus more in this regard. Levels of satisfactions of all the customers in all the PEs have also been not satisfactory.

The overall performance of the PEs in terms of customers' motivation is not satisfactory. In all the PEs, the value of standard deviation has been below 1 and coefficient of variation has been 3.26% to 5.93%. This clearly indicates the representative nature of the mean calculated.

5.2. Quality Services (QS)

How much the customers are happy or satisfied with the services provided by the PEs is another important issue. Quality service is the image & impression that has created in the minds of customers in terms of PEs' professionalism, technical competencies, problem handling, reliability, banking services, and relationship. Quality of services is reflected in terms of a. friendly behavior of public enterprise's staff (FB), b. reliability of enterprises activities (RA) and c. PE's efforts in handling of problems (EHP). To assess these aspects of quality services, three questions were asked to the customers.

Name of the Public Enterprises	FB	RA	EHP	Total	Mean	S. D.	C. V.
Nepal Telecommunication Co.	3.1	3.3	3.0	9.4	3.13	0.15	4.80
Nepal Electricity Authority	2.8	2.6	2.8	8.2	2.73	0.12	4.40
Nepal Water Supply & Sewerage Co.	2.5	2.3	2.7	7.5	2.50	0.20	8.00

Quality Service has ranged between 2.50 to 3.13. NTC has been much satisfactory to the customers in terms of its quality service. All the PEs except NTC has not been able to provide friendly environment and not able to gain trust of their customers as the value of FE and RA have been less than 3. But in case of handling the problems of the customers all the PEs have been moderately satisfactory whose value have been near to 3.0.

The overall performance of the PEs in quality service is not satisfactory. In all the cases, the value of standard deviation has been below 1 and coefficient of variation has been 4.40% to 8.00%. This clearly indicates the mean is dependable.

5.3. Innovativeness (I)

How much the PEs are innovative in terms of changes and improvements (e.g. in strategies, policies, rules, products etc.) and how they have impacted on customers' satisfaction. Innovativeness involves a. changes and improvements of infrastructure (CII), b. changes and improvement of products (CIP) and c. changes and improvement in services (CIS). In this regard, three questions were asked to the customers.

Name of the Public Enterprises	CII	CIP	CIS	Total	Mean	S. D.	C. V.
Nepal Telecommunication Co.	3.1	3.4	3.3	9.8	3.27	0.15	4.59
Nepal Electricity Authority	2.7	3.0	2.9	8.6	2.87	0.15	5.23
Nepal Water Supply & Sewerage Co.	2.6	2.8	2.7	8.1	2.70	0.10	3.70

Innovativeness value has ranged between 2.70 to 3.27. NTC has been found to be the most innovative of all the PEs. NEA (2.87) and NWSSC (2.70) have been found less innovative in satisfying their customers. All the PEs have made changes and improved in its products and services. Similarly, they have made improvement in infrastructure also but all of them have to give more emphasis on in this regard. The overall innovativeness of the PEs is moderately satisfactory. In all the cases, the value of standard deviation has been below 1 and coefficient

of variation has been 3.70% to 5.23%. This clearly indicates the representative nature of the mean calculated.

5.4. Belongingness and Loyalty (BL)

Belongingness & loyalty of customers to the PEs is very important. More specifically, how comfortable & satisfied the customers are with the enterprises' physical settings, employees, and brand name so as to continue their membership with the PEs in the future

Belongingness and loyalty focuses on a. customers feel proud being associated with its enterprise (FP), b. chances to recommend the enterprise to others (RO) and c. want to continue business with the enterprise in future (BF). In this regard, three questions were asked to the customers.

Name of the Public Enterprises	FP	RO	BF	Total	Mean	S. D.	C. V.
Nepal Telecommunication Co.	3.2	3.3	3.4	9.9	3.30	0.10	3.03
Nepal Electricity Authority	2.9	3.0	3.1	9.0	3.00	0.10	3.33
Nepal Water Supply & Sewerage Co.	2.8	3.1	3.1	9.0	3.00	0.17	5.67

Belongingness and Loyalty has ranged from 3.00 to 3.30. All PEs also have been successful in turning their customers loyal as their values have 3 or more than 3. Customers of all PEs have been moderately feeling proud being associated with its enterprises. Customers not only want to continue their business with the PEs but also they recommend the enterprise to others because they have no other options about NEA and NWSSC due to its monopoly services in Nepal.

To sum up, the overall performance of all the PEs in terms of customer's belongingness and loyalty is satisfactory. In all the cases, the value of standard deviation has been below 1 and coefficient of variation has been 3.03% to 5.67%. This clearly indicates the mean is dependable.

5.5. Communication (C)

How much the enterprises are successful in communicating their goals, policies, rules, and responding to customers' requests, complaints, & needs.

Communication includes a. communicating objectives, rules, policies and strategies to the customers (COP), b. PE's respond to customer needs and request (CNR) and c. communicating about new products and services (CPS). To assess the degree of effective communication, three questions were asked to the customers.

Name of the Public Enterprises	COP	CNR	CPS	Total	Mean	S. D.	C. V.
Nepal Telecommunication Co.	3.2	3.3	3.4	9.9	3.30	0.10	3.03
Nepal Electricity Authority	2.7	3.2	2.9	8.8	2.93	0.25	8.53
Nepal Water Supply & Sewerage Co.	2.6	3.1	2.8	8.5	2.83	0.25	8.83

Communication value has ranged between 2.83 to 3.30. The customers of all the PEs have been moderately satisfied with the communication system of the enterprises as their value is near to 3. Only NTC is able to communicate its rules, policy, strategies, new products and services to its customers and have been responded to customer needs and request compared to others.

The overall communication of the PEs is moderately satisfactory. In all the cases, the value of standard deviation has been below 1 and coefficient of variation has been 3.03% to 8.83%. This clearly indicates the representative nature of the mean calculated.

5.6. Overall Customers Satisfaction of the PEs

So far, different sub components of customers' satisfaction have been analyzed. In this section, an attempt has been made to assess the overall customers' satisfaction keeping in mind all the components.

Name of the Public Enterprises	CM	QS	I	BL	C	Total	Mean	S. D.	C. V.
Nepal Telecommunication Co.	3.10	3.13	3.27	3.30	3.30	16.10	3.22	0.10	3.11
Nepal Electricity Authority	2.70	2.73	2.87	3.00	2.93	14.23	2.85	0.13	4.56
Nepal Water Supply & Sewerage Co.	2.53	2.50	2.70	3.00	2.83	13.56	2.71	0.21	7.75

Overall Customer Satisfaction has ranged between 2.71 to 3.22. NTC has been successful in customer satisfaction compared to other PEs i.e. NEA and NWSSC.

The overall performances of all the PEs in terms of customer satisfaction have been moderately satisfactory. In all the cases, the value of standard deviation has been below 1 and coefficient of variation has been 3.11% to 7.75%. This clearly indicates the representative nature of the mean calculated.

6. CONCLUSIONS

Customers are extremely important for any enterprise. They are the resource upon which the success of the enterprises depends. Attracting customers is the primary goal of most businesses, because it is the customer who creates demand for goods and services. Customer satisfaction is a measure of how products and services supplied by organizations satisfied the customer expectation. Every organization has to play different activities to satisfy its customers. It is necessary to handle & resolve the complaints of the customers. Besides, it is necessary to understand the expectations, needs and wants of the customers. Customer satisfaction is the difference between the expectations of the customers before and perceptions after receiving the services.

It is found that the overall performances of all the PEs in terms of customer satisfaction have been moderately satisfactory. The performance of NTC has been satisfactory compared to other public enterprises. It is necessary to make new policies and strategy for attracting new customers and retaining existing customers by NEA and NWSSC as its performance is not satisfactory.

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